

Message Text

UNCLASSIFIED

PAGE 01 TOKYO 03900 020942 Z

46

ACTION TRSE-00

INFO OCT-01 EUR-25 EA-11 ADP-00 AID-20 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

CIEP-02 LAB-06 SIL-01 SAL-01 OMB-01 NSC-10 SS-14

STR-08 CEA-02 AGR-20 L-03 H-02 DODE-00 PA-03 USIA-12

PRS-01 ABF-01 FSE-00 CU-04 PC-04 NEA-10 RSR-01 /206 W
----- 081540

R 020915 Z APR 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 2773

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CANBERRA

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

USEC MISSION BRUSSELS

USOECN MISSION PARIS

UNCLAS TOKYO 3900

PASS TREASURY AND FEDERAL RESERVE

E. O. 11652: N/ A

TAGS: EFIN JA

SUBJ: DISCOUNT RATE INCREASE ANNOUNCED

REF: TOKYO 3718 AND 3552

SUMMARY: DISCOUNT RATE INCREASE LARGER THAN EXPECTED. END
SUMMARY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 TOKYO 03900 020942 Z

1. INCREASE IN THE OFFICIAL DISCOUNT RATE OF 0.75 PERCENT TO TAKE EFFECT TODAY, APR 2, WAS ANNOUNCED BY BOJ SAT, MAR 31. THE INCREASE FROM 4.25 PERCENT TO 5.0 PERCENT WAS LARGER THAN ORIGINALLY PREDICTED. AS LATE AS LAST WEEK IT WAS GENERALLY EXPECTED THAT THE RATE HIKE WOULD BE ONLY 0.5 PERCENT. THE INCREASE IS THE FIRST TO BE EFFECTED BY THE BOJ SINCE SEP 1969. AND IS THE SHARPEST SINGLE INCREASE EFFECTED SINCE THE PERIOD IMMEDIATELY FOLLOWING THE END OF WORLD WAR II..

2. IN ADDITION, THE BOJ IS EXPECTED TO DIRECT ALL MAJOR COMMERCIAL BANKS TO RAISE THEIR INTEREST RATES PAID ON DEPOSITS BY LATE APR OR EARLY MAY. A BOOST OF 0.25 PERCENT ON DEPOSITS OF ONE YEAR OR LESS AND 0.5 PERCENT ON DEPOSITS OF MORE THAN ONE YEAR IS PLANNED. INTEREST RATE LEVELS ON THESE SHORT AND LONG- TERM TIME DEPOSIT S WERE LOWERED (FOR THE FIRST TIME IN ELEVEN YERS) LAST JUNE BY THESE SAME RESPECTIVE AMOUNTS. THUS, THE ANTICIPATED DIRECTIVE RAISING THESE RATES WILL NULLIFY THE REDUCTIONS MADE IN 1972. THE BOJ IS EXPECTED TO REQUEEST SIMILAR INCREASES IN THE POSTAL SAVINGS DEPOSIT INTEREST RATES, UP TO THE LEVEL PREVAILING IN THE FIRST HALF OF LAST YEAR.

3. AS A RESULT OF THESE BOJ ACTIONS, FINANCIAL ANALYSTS EXPECT A FUTURE INCREASE IN LONG- TERM BOND RATES, BOTH GOVERNMENTAL AND PRIVATE, OF APPROXIMATELY 0.3 TO 0.5 PERCENT. RATES ON DEBENTURES ISSUED BY LEADING COMMERCIAL BANKS

ARE ALSO EXPECTED TO RISE.
INGERSOLL

UNCLASSIFIED

*** Current Handling Restrictions *** n/a

*** Current Classification *** UNCLASSIFIED

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 02 APR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973TOKYO03900
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: n/a
Errors: n/a
Film Number: n/a
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730432/aaaahmak.tel
Line Count: 97
Locator: TEXT ON-LINE
Office: ACTION TRS
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 TOKYO 3718 AND 3552
Review Action: RELEASED, APPROVED
Review Authority: kellerpr
Review Comment: n/a
Review Content Flags:
Review Date: 03 AUG 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Aug-2001 by reddocgw>; APPROVED <16-Aug-2001 by kellerpr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: <DBA CORRECTED> gwr 971119
Subject: DISCOUNT RATE INCREASE ANNOUNCED
TAGS: EFIN, JA
To: BERN
BONN
BRUSSELS
CANBERRA
LONDON
LUXEMBOURG
SECSTATE WASHDC

THE HAGUE

TRSE

Type: TE

Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005